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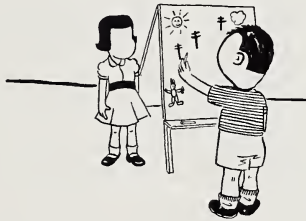


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A Message from the

ADMINISTRATOR

On any number of occasions, I have been asked by co-op directors what is the government's objective in the electric power field. The question is a good one and the answer is not nearly as complex as one might think.

The President has described our goal in these words: "To assure each citizen of enough kilowatts when he wants them, where he wants them, at the lowest competitive cost."

In amplification of this policy, the President went on: "We shall neither withdraw from the power field nor federalize all electric generators in the United States. Instead, we shall continue to advance in a spirit of helpfulness to localities and in a spirit of cooperation with local citizens. Where local enterprise can shoulder the burden, it will be encouraged and supported in doing so. But where local action cannot or should not fully meet the need, we shall have Federal action."

Such a policy, it seems to me, is not only sound but dynamic. It is a good policy for all the people. Most thinking and farsighted people, I am convinced, do not want the Federal Government to assume the responsibility for developing all of our electric power resources. Neither do they want to be without the helpful influence of the Government in those cases where the material resources of our country must be adequately and properly developed to meet the needs of our country.

The electric co-ops are an important and accepted segment of the private power industry. There is ample room in this country for both private and public power, each in its own place making its own contribution. We must not be distracted by those who seek to further their own personal and political ends by creating discord.

Administrator.

Electric



Telephone

Staff Consultants

REA Gets Practical Help from These Groups

Counsel from men who daily see the REA programs in action at the operating level is helping shape these programs to meet borrowers' needs.

And it is paying off in more practical and effective programs in the opinion of Ancher Nelsen, Administrator.

Machinery for drawing upon the judgement and experience of borrowers and others closely associated with the programs has been in operation now for about 2 years. Two groups were appointed by the Administrator in 1954, one out of the electric program and the other out of the telephone program.

Virtually every segment of the two programs and every section

of the country are represented. Among the electric consultants there are 7 farmer-directors, 8 managers of distribution systems, 2 representatives of G-T systems, and a representative of a state rural electrification authority.

Among the 19 telephone consultants, telephone cooperatives and Independent companies are represented along with men from public service commissions, the Bell systems, and telephone engineering firms.

At the meetings, which have been held twice a year, items for discussion cover a wide range. The electric consultants have gone into such subjects as: Loan processing procedures, loan security problems, stop orders, rate sched-

ules, atomic energy and financial planning.

In the telephone meetings, subjects include, among others, engineering procedures, equity requirements, management training programs, bidding practices, and the deferment arrangements.

At each session a review of program progress is made.

Free discussion is encouraged and consultants as well as the Administrator have an opportunity to bring up for discussion any items related to the REA programs.

The sessions themselves are executive but the practice has been established of having a press conference at the close of each session. A record of proceedings is available to anyone wishing to examine them after they have been reviewed and approved by the consultants.

A number of modifications in program practices have been made as a result of discussions with the consultants. Recommendations made do not necessarily represent the position of the entire group. The consultants are not REA policy-makers, but the changes reflect experience and opinion expressed in the discussions.

Inspection of work order construction is an example of a subject discussed at an early meeting of the electric group. A couple of months later REA made several substantial changes in requirements for inspection and certification of work order construction.

In line with a discussion on CPA audits for electric borrowers, REA compiled a bulletin entitled, "CPA Audit Purposes and Standards." In response to the

expressed need for information on the subject, the bulletin seeks to acquaint electric borrowers with the purposes of the financial examination type of audit, professional auditing standards, selection of certified public accountants to audit their records and determination of the scope of the audits.

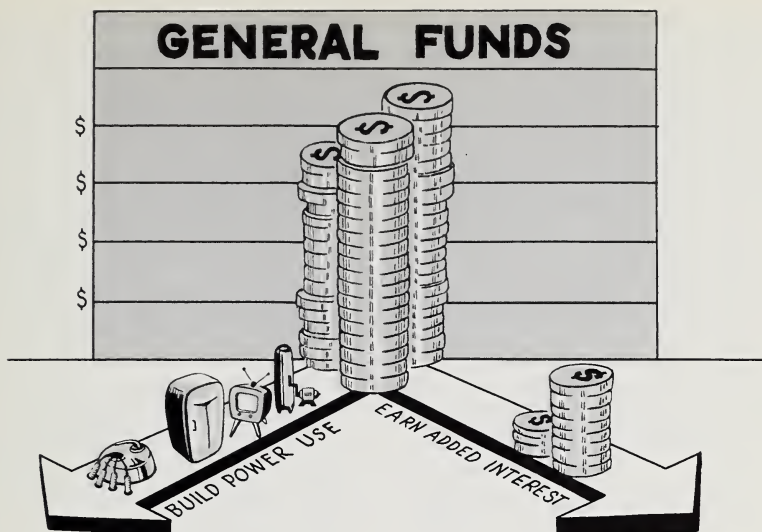
Another illustration is the subject of co-op financial planning including the related topics of patronage refunds, capital credits and the like. This subject, on the agenda at several electric consultants' meetings, has stimulated work within REA outlining various consumer investment plans for the information and use of borrowers.

Similarly program changes have been made following discussions with the telephone consultants.

The turning back of pre-loan engineering responsibility to applicants is one example. Others include modifications making for more flexibility in engineering procedures, clarification of equity requirements and measures aimed at reducing the time between loan approval and advance of funds.

Reviewing the work of the consultants, Mr. Nelsen said, "These men from all parts of the country and representing all phases of our work are enabling us to inject more practical operating opinion into our operating methods.

"The only cost to REA for this help is the travel and lodging expense allowance. This is little enough when you consider how the programs benefit because of the knowledge these people have of local problems and situations."



*Co-op Sees Major Benefits in Using
Some of Its General Funds to Finance*

More Consumer Buying

A North Carolina borrower gets extra mileage out of its general funds by using them for consumer financing.

The Blue Ridge Electric Membership Corporation, Lenoir, voted at its July meeting of the board of directors to set up a revolving fund of \$200,000 from its general funds to be used to help members finance the purchase of electrical appliances and equipment, wiring, and plumbing.

Since September, when the funds were first used, nearly \$87,000 has been borrowed by members to finance new installations of electrical household or

farm equipment. In December alone, members borrowed more than \$20,500 for these purposes.

C. E. Viverette, manager, sees these distinct advantages to the borrower in using general funds rather than drawing on REA consumer facility (Section 5) loan funds:

1. Saves the time and expense involved in preparing frequent loan applications and requisitions to REA for funds.

2. A good return in the form of interest.

3. With a revolving fund, as consumer loans are paid back the money can be used again, while

with Section 5 funds, the money is repaid to REA and the cooperative has to request additional funds to handle further loans to its membership.

Actually, the money is handled by the cooperative in exactly the same way that Section 5 funds have been handled, according to Mr. Viverette. This system has been lending Section 5 money so fast that, as the manager says, "We were getting embarrassed by coming in so often." So the board raised the question: Why borrow this money from REA when we have general funds available which could be used for this purpose?

This new revolving fund is being administered by the co-op in the same way it has been handling Section 5 money—a limit of \$750 at any one time to a family, with the loans made at 4 percent interest, and to be repaid in 36 months. Arrangements with the dealers continue the same. "Most dealers don't know we have made any change," Mr. Viverette says.

The Blue Ridge Electric Cooperative is in a good position to use funds in this way. It is completely current in its payments to REA on principal and interest, and has set up reserves for plant renewal and replacement. In addition it has substantial reserves set aside for temporary investments from which funds are available for the program. And it is following the same sound principles of good business and careful management to protect its own capital that it followed in handling Section 5 funds.

As far as repayments are concerned, Mr. Viverette says he has

had no trouble. He points out that no consumer-borrower is delinquent, and adds, "Actually, most members pay up in 23 months, some take a little longer, some a little less time."

During 1955, Mr. Viverette says that the cooperative financed for its members 300 refrigerators, 301 electric ranges, 359 television sets, 179 washing machines, 66 home freezers, and 70 water heaters. In the farm equipment field, he lists 14 water systems, 4 milking machines and 1 milk cooler as recent additions. Thirty-two farmstead wiring installations have been made also.

Mr. Viverette will tell you that several factors enter into the success of the program. He stresses careful administration of the funds; active promotion of a specific item at a given time, both in the newsletter to members and in use of outdoor billboard advertising; keeping every member of the staff informed and enlisting each one as a power use worker; and use of an agricultural engineer to work with borrowers on special problems.

When promoting a certain piece of equipment, the co-op offers special inducements to the consumer. Blue Ridge Electric recently embarked on a 12-month promotion program for electric ranges. The inducement in this case is 6 months of free electricity for the range.

"We feel we get this cost back very quickly," Mr. Viverette says. "After the first 18 months of use, we estimate our net gain on each range installed at about \$12 a year. We have more than 800 members who have signified their

intention to buy ranges during the coming year. So, after the first 18 months, we estimate our net gain on 800 ranges at about \$9,600 a year."

Mr. Viverette cites the growth of his system to prove his point that "power use promotion pays." In 1949, before the consumer loan program was begun, members averaged 74 kwh a month. In 1955, consumption of power on Blue Ridge lines increased 21 percent over the previous year's average per farm consumer. At the same time the membership has doubled, which means that power consumption per farm family has climbed steadily in spite of the addition of new members who

tend to bring the average down.

Since 1950 Blue Ridge has borrowed over \$900,000 in Section 5 money. Of this it has repaid \$561,150 on schedule and over \$170,900 in advance of due date.

Mr. Viverette likes to talk about the accomplishments of the consumer loan program. He will tell you, "It gives us a fine feeling of independence to operate with our own funds, and to make those funds do double duty as it were. They bring in added interest and they put more appliances on the line to help increase our revenues. Besides we have done away with asking so frequently for Section 5 loans and requisitioning of funds."

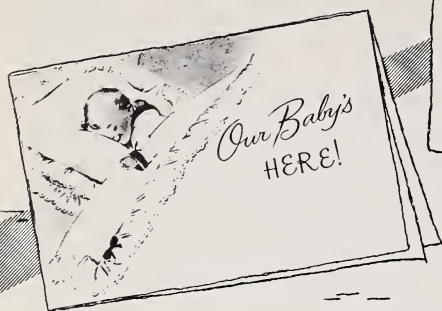
President Recommends \$185 Million for Electric Loans

For the year beginning July 1, 1956, President Eisenhower has recommended funds to meet loan needs of \$185 million for rural electrification. This is the same proposal he made for the current fiscal year, and \$20 million higher than in 1955.

For administration of the program, he requested \$4,529,000, an increase of \$55,215 over 1956.

Here are details of the loan recommendations:

	<i>Fiscal 1956</i>		<i>Fiscal 1957</i>
	Budget Request	Authorized by Congress	Budget Request
NEW LOANS (est.)	<u>\$185,000,000</u>	<u>\$185,000,000</u>	<u>\$185,000,000</u>
LOAN FUND SOURCES:			
New Authorization	160,000,000	160,000,000	145,300,000
Carryover	21,096,190	55,723,431	35,223,431
Recissions (est.)	4,000,000	4,500,000	4,500,000
Reserve Authorization	35,000,000	100,000,000	25,000,000
TOTAL—ALL FUNDS	<u>\$220,096,190</u>	<u>\$320,223,431</u>	<u>\$210,023,431</u>



There's someone new at our house
You've just got to see—
Someone cute as a button
And sweet as can be!

NAME SOUTHWEST ELECTRIC Co-op.
DEBT SERVICE 100% to 0%
ARRIVED YEAR 1955
PARENTS REORGANIZATION
HARD WORK

**Here's How One Borrower Cut
Expenses and Increased Revenues to Achieve**

DSER of 100 Percent

"Our Baby's here!"

Those words, with the picture of a bouncing baby, were on the eye-opening announcement recently received from Kenneth E. Brummell, manager of Southwest Electric Cooperative, Bolivar, Mo. They proclaimed the co-op's arrival at a DSER of 100 percent.

Measured in terms of REA loan repayment procedure (See RURAL LINES, February 1956), that announcement meant that the borrower was capable of meeting its estimated maximum debt service on loans currently advanced to it. It was good news to REA as well as to the co-op's board of directors and some 7,880 members.

How did Southwest crack the barrier and come out on top?

When Mr. Brummell became manager in September 1953, the co-op showed a deficit of some \$32,526 for the first 8 months of the year. At this time the co-op launched its all-out drive to improve conditions. And at the end of December 1955, Southwest was over \$70,000 to the good and on a solid footing for the first time in many years.

Southwest's management team, Mr. Brummell, Assistant Manager Morgan Owens, and Billy Watkins, operations superintendent, had two directions to go—to hold down or reduce costs and to build up revenues. In comparison with

state averages, costs were already low but the team saw ways to cut them further.

Here's the way Mr. Brummell tells the story :

"Our survey showed we had to do a complete overhaul job, streamline things, reduce operating costs and get better working efficiency. Operating costs were far too high and we started out by whittling expenses. We are proud that we were able to substantially improve our DSER without cutting salaries or increasing power rates.

"One of our first steps was to trim the staff down from 43 to 35 employees and reduce the number of vehicles from 24 to 12. We used to have a foreman for every 4 men, or a 5-man crew for each locality. We decided we could do the work just as well with 2 crews for the entire project.

"The office staff was reduced by shifting work loads, consolidating jobs, streamlining procedures and standardizing pay scales. We set up a new record keeping system which called for fewer forms and reports. One of our new forms, for example, now does the work of several of the old ones. We be-

lieve these changes give us better control of our office and field operations.

"Each of our trucks now does the work of two. Each truck is equipped with winch-operated, folding "A" frames which save time and labor in assembling and dismantling equipment on the job.

"We took an inventory of our equipment and stock, then studied ways of handling supplies more efficiently. We made quite a saving by reorganizing our purchasing methods and getting away from stock-piling equipment and line material.

"We saved money, too, by closing down our transformer and meter repair shop and farming out such work to shops in our area. Repair work on these items now runs around \$100 a month under the \$300 monthly salary formerly paid the co-op repair man.

"Our total operating expenses for 1954 were \$9,000 under 1953, even though the cost of wholesale power went up more than \$14,000. In 1955, operating expenses were about \$9,000 over 1954 due to the addition of a \$20,000 brush control program. Previously, Southwest had had no planned brush control program for its nearly 3,000 miles of line. We now have two full-time 2-man crews assigned to brush clearing.

"Unpaid accounts are fewer and farther between since we announced a stricter collection policy. In 1955, overdue accounts added up to 139 and amounted to \$247."

Some of these gains may be summed up in these figures taken from the Auditor's Report for the



Morgan Owens (left), assistant manager, and Kenneth E. Brummell, manager, go over reports and discuss plans.

period October 31, 1954 to October 31, 1955:

1. Cost of operation per mile dropped \$1.80.

2. Maintenance costs per mile were cut \$1.09.

3. Collection costs per member were down \$.29.

4. General office expenses per member were cut \$.48.

So much for what Southwest did to reduce its costs. On the other side of the picture, the management embarked on a power use campaign to increase revenues. And the results in better revenues are significant in the whole picture of an improved DSER. Revenues for the year ending December 31, 1953, amounted to \$516,000. They had climbed to some \$562,000 in 1954, and to \$593,000 in 1955.

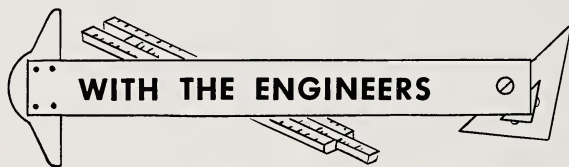
At the same time average monthly consumption of power by members was going up. For December 1953, the members used

an average of 157 kwh. This rose to 162 kwh in December 1954, and to 182 kwh in December 1955.

"We're all mighty proud of our improved DSER. But I don't think we would have accomplished our aims without the loyal backing and good help of our directors, members and co-op staff. They all pitched in and worked to get the job done," Mr. Brummell says.

You learn from Mr. Brummell that pulling an ailing co-op up by its financial "bootstraps" is not done with gimmicks, shortcuts or pat formulas. In fact, he explains, "There's no rule-of-thumb for getting out of the 'red'. You have to plan as you go."

He says, "Managers need to be flexible and willing to make necessary changes in their operations. Well-planned improvements mean dollars-and-cents savings and gains. Don't know a substitute for hard work and common sense in solving co-op problems."



Wearing rubber gloves at all times when on a pole—a "must" from the safety man's standpoint—is being practiced more widely than ever.

• • • • •

Electrical engineering graduates are now entering industry at an average annual starting salary in excess of \$5,000. (The 1939 average annual starting salary was \$1,500.)

• • • • •

Jumpers of No. 6 7-strand soft drawn copper have shown good resistance to vibration in locations where vibration breaks of No. 6 solid soft-drawn copper presented a problem.

• • • • •

Prompt maintenance of driveways prevents accidents, costly repairs and damage to motor vehicles.

PIONEER

Joseph Weltin of Bisbee, N. Dak., remembers hearing a neighbor years ago tell how Canada developed its first Niagara Falls power. That was when he resolved to do whatever he could to get electric power at a cost where everyone could enjoy its benefits.

After REA was established, he was elected in 1939 to help sign up consumers on the first section of lines to be built in Towner County. He rode with a neighbor who had a car. "We got no pay and very little expense money. I turned mine over to him because he had the car. The first lines in the county were energized in 1940, and it was a thrill when we threw the first switch," he says.

Mr. Weltin has been active in rural electrification ever since. He served as director of Baker Electric Co-op at Cando for 10 years, and as president for 8 of those years.

With representatives from other co-ops in Central North Dakota, he worked long hours to get a power cooperative set up and a plant built at Minot. He tells about the countless meetings—"meetings that sometimes took 2 or 3 days to reach in the winter, and lasted far, far into the night." The plant was built, and "has been operating successfully ever since."

Mr. Weltin also helped to negotiate a 3-way contract for the joint operation and integration by Central Power Electric Co-op,



Joseph Weltin

Otter Tail Power Company, and the Bureau of Reclamation of all of the power lines in Central North Dakota.

Mr. Weltin, who still lives on the farm where he was born, is a forward-looking man, not content to rest on the accomplishments of the past. In addition to many other positions of service to the state's rural electric systems, he is a member of the committee of the "Atoms for Agriculture" research grant to the University of Minnesota. This is a project jointly sponsored by 2 power co-ops and 2 power companies operating in North Dakota.

Commenting on the accomplishments of rural electric co-ops which some folks said could not be achieved, he says, "These things have all been done. So, there should be no more tough problems to solve, but it seems there are just as many as ever . . . Now we know that we can solve all of them as they come . . . if only we will all work together."

THROUGH THE EYES OF SMALL FRY



Licking Rural Electrification, Inc., Utica, Ohio has long worked with high school students on electrification projects. This year first-graders were brought in. Manager C. D. Dunlap and Electrification Adviser Russell Reiter worked with Teachers Nell Davy, Elizabeth Beck and Leota Lohr, in planning the demonstration as part of the Utica-Washington school's visual education program.

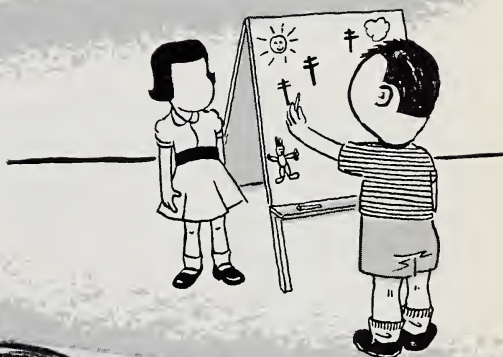
The youngsters were fascinated when they saw a big line truck pick up a pole and stand it on end. They wanted to see a man climb a pole, and Donald Champion obliged (see photograph at top). The children made crayon drawings which were displayed in the co-op office. Three are reproduced here (without benefit of color). They show how much a child of 6 or 7 can remember from a real life experience.

★ George Manning





★ Jo Ann Heald



★ Thomas O'Rielly



POWER USE EXCHANGE

In January, the **Sheridan County Electric Co-op**, Medicine Lake, Mont., initiated a new service for consumers. It will replace consumers' yard lights for the cost of the bulbs only. The installation will be done free of charge, and the bulb will be furnished to members at a special reduced rate.

The board made the decision because it is difficult for many members to make this kind of installation themselves. The replacement bulbs will be 300 watt, designed for yard light use. Under normal conditions they have a use-span of 750 hours each.

The **Powell Valley Electric Co-operative**, Jonesville, Va., has charted a full power use program for 1956 based on its successful experience with well-planned promotions in 1955.

During a 10-week period in last year's program, 420 major appliances were installed on the system, including 251 electric ranges. Both dealers and the co-op offer incentives to buyers during the special promotions.

The 1956 program will feature water systems, ranges, water heaters, home freezers, and lighting—all Power Use Calendar items. The water system campaign will employ an essay contest, offering \$50 in prizes, for

high school students; demonstrations; free assistance to members in planning water systems; meetings with local pump dealers, and incentive payment of \$20 (\$40 if electric heater is installed at same time) to members.

Northern Electric Cooperative, Aberdeen, S. Dak., is offering a prize valued at \$50 to the member coming up with the highest number of jobs for electricity on his farm. All a member needs to do is send in a list of the items run electrically. If the family has more than one of any appliance, only one will be counted since the contest is to find the highest number of different uses.



"**LIVE BETTER . . . Electrically**" is the theme of a nationwide drive to develop the residential market for electricity and electrical products. A color movie, "Meet Mrs. Swenson," national magazines, TV, radio, newspapers and other advertising media will be used in a continuing industry-wide promotion of the electric home.



SAFETY



Herman Brawner Keeps Kentucky Safe

"Mr. Safety" is the name by which Herman Brawner is known throughout Kentucky.

He is safety instructor for the Kentucky Rural Electric Cooperative Corp., Louisville, and serves all of the state's rural electric co-ops.

Mr. Brawner got his first experience in electrical work when he was employed by a power company in Mississippi. Later he became manager of the Pickwick Electric Membership Cooperative in Selmer, Tenn., and served in that capacity for 10 years.

In this responsibility he developed an ever increasing interest in the safety aspects of the rural electrification program. And in 1950 he went to Kentucky to head up its state safety program. He visits with each cooperative regu-

larly, holds safety meetings with employees, gives lectures and demonstrations on proper working methods and conditions.

In a recent salute to Mr. Brawner, "The Outpost," newsletter published by the Grayson County Rural Electric Cooperative says, "His never-ending efforts in keeping our men safety minded tells the story of why this co-op has not had a fatal accident in its history."

Mr. Brawner is a past president of the Managers Association of Tennessee, and has only recently completed a term as chairman of the Safety Committee of the National Rural Electric Cooperative Association. He is a member of the National Safety Council and a member of the Safety Engineers of Kentucky.

Handbook Revised

"The Lineman's Handbook," by E. B. Kurtz, has been revised and the new edition presents a comprehensive reference and textbook for linemen, their foremen, and supervisors. It has added information on tower line erection,

"hot line" maintenance, use of rubber protective goods, pole top resuscitation, and electrical formulas and calculations. It is published by McGraw-Hill Book Co., 330 West 42nd Street, New York 36, N. Y. It sells for \$10.

**Electrification Loans Approved December 15, 1955
Through January 23, 1956**



\$ 950,000	Central Alabama Electric Co-op, Prattville, Ala.	1,060,000	Poudre Valley Rural Electric Ass'n., Ft. Collins, Colo.
255,000	Bedford Rural Electric Cooperative Bedford, Pa.	2,400,000	Cumberland Electric Membership Corp., Clarksville, Tenn.
680,000	Berkeley Electric Co-op, Moncks Corner, S. C.	480,000	Pickwick Electric Co-op, Selmer, Tenn.
400,000	Head-of-the-Lakes Co-op, Superior, Wis.	260,000	Tombigee Electric Co-op, Guin, Ala.
338,000	Benton County Electric Co-op, Vinton, Iowa	317,000	Butler County Rural PPD, David City, Neb.
890,000	Stamford Electric Co-op, Stamford, Texas	730,000	Palmetto Electric Co-op, Ridgeland, S. C.
420,000	Midwest Electric Co-op, Roby, Texas	135,000	Clay-Union Electric Corp., Vermillion, S. Dak.
790,000	South Kentucky Rural Electric Co-op, Somerset, Ky.	* 50,000	Northern Electric Co-op, Virginia, Minn.
* 25,000	Ocracoke Electric Membership Corp., Ocracoke, N. C.	* 50,000	Cookson Hills Electric Co-op, Stigler, Okla.
10,000	Swan's Island Electric Co-op, Minturn, Maine	425,000	Concho Valley Electric Co-op, San Angelo, Texas
690,000	Deaf Smith County Electric Co-op, Hereford, Texas	1,045,000	Northern Neck Electric Co-op, Warsaw, Va.
345,000	Wheatland Rural Electric Ass'n., Wheatland, Wyo.	460,000	Lorain-Medina Rural Electric Co-op, Wellington, Ohio
1,565,000	Louisiana Rural Electric Corp., Alexandria, La.	500,000	Roanoke Electric Membership Corp., Rich Square, N. C.
245,000	Sussex Rural Electric Co-op, Sussex, N. C.	470,000	Kit Carson Electric Co-op, Taos, N. Mex.
250,000	Butler Rural Electric Co-op, Hamilton, Ohio	* 50,000	North Itasca Electric Co-op, Bigfork, Minn.

* Includes Section 5 funds

Rural Lines

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Telephone Handbook Is Popular

The pocket-size "Telephone Plant Code and Account Handbook" has become the equivalent of a "best seller." The handbook is Section 1862 of the Telephone Operations Manual.

The manual was sent out to Class A and B companies among REA borrowers late in November. By the first of January requests for additional copies had exhausted supplies and reprints had been ordered. Requests have also come from Class C and D firms.

A similar edition for Class C and D companies is in the works, and will be mailed out to those borrowers as soon as available.

Here are excerpts from letters typical of comments received:

"Please accept the compliments of our accounting department for having the foresight to compile what we, in our own fashion, were attempting. Please send us 12 more." Northeast Missouri Ru-

ral Telephone Company, Greentop, Mo.

"It sure is a wonderful help to the men working outside in making reports. . . . and an extra big help to me in the office."—Egyptian Telephone Cooperative Association, Steeleville, Ill.

"This plant code and account handbook will be of great value to our plant personnel both as a convenient guide and handbook to familiarize each employee with the proper account number so that expenditures may be charged in accordance with the proper classification."—North Central Telephone Cooperative, Lafayette, Tenn.

"We think the handbook . . . is very helpful. Please send us 24 additional copies."—Grand River Mutual Telephone Corporation, Princeton, Mo.

"Please send us 15 copies. . ."—Lafourche Telephone Company, Larose, La.

Kentucky Borrower Draws Biggest Loan Advance

Administrator Ancher Nelsen hands over a check for a loan advance of \$500,000 to LeRoy T. Carlson, president of the Northeastern Kentucky Telephone Corp., London, Ky. This transaction took place in the Administrator's office on December 30, 1955.

Northeastern also has the distinction of having received the second highest loan in the country—\$2,958,000. The company expects to improve and extend service to 6,750 subscribers over its 1,270 miles of new and improved

line. When completed, the company will have 10 dial exchanges.





Radio Sells Telephone

Daily Programs Win Friends and Subscribers for Kentucky Borrower

Daily radio programs pitched to selling telephone services, new memberships and building subscriber goodwill are key cogs in the growth of the new dial system of South Central Telephone Cooperative, Glasgow, Ky.

Like other new co-op telephone systems, South Central had a big "educational" job to do when it cut over in May 1955. For one thing, the 2,098 subscribers fell short of the number which could be adequately served by the modern system. Members needed to know how to operate their dial sets and a lot of information on the running of their cooperative.

Radio, the management felt, was the best and quickest way to reach the rural people. The first move was to cut a tape recording, simply telling step-by-step how to work the dial telephone. From this recording a plastic record, complete with sound effects, was made for radio use.

The record was played daily over the Glasgow station before and right after the cutover with good results. Only 2 home demonstrations were needed.

In fact, radio paid off so well, the co-op decided to use it for promoting other phases of its program. For instance, a series of programs explained the workings of the co-op and how it was locally owned. It is estimated that radio

helped get an average of 38 new applications a month for the telephone system.

The co-op also used radio to good advantage in selling telephone services such as extension cords, portable telephones, loud ringing gongs, coiled cords, extra directory listings, joint user services and advertising in its yellow directory section.

South Central's 15-minute program is part of the station's morning "Sunshine Gospel" hour. Besides the daily message to subscribers and farmers generally, the co-op makes free spot announcements on church, club and community doings, and goings and comings. Each program is cast in a homey, neighborly setting and the co-op "commercials" are aimed at catching the ear of rural listeners.

The co-op has found its radio program has many practical and varied applications. For example, part of the time is used to announce the scheduling of construction and survey crews into the 12 exchange areas. Rural residents are urged to avoid delays in getting telephone service by signing up when the work crews are in their neighborhood.

South Central also worked out another way of selling its co-operative telephone program to business clubs and residents of the

6-county service area. Radio listeners were kept posted on the progress of dial equipment installations and were invited to visit the exchanges and see the work going on. Co-op leaders also met with service organizations, including the Horse Cave Rotary and Mondfordville Lions Clubs,

and conducted tours of the groups to see unattended dial units installed and in operation.

The co-op feels it made a lot of new friends by inviting businessmen and rural people to see how a modern telephone system is put together. It made them feel like they were part of the system.

President Recommends \$80 Million for Telephone Loans

For the year beginning July 1, 1956, the President has requested a budget of \$80 million for the rural telephone loan program, the same amount recommended for 1956 and \$27 million higher than in 1955.

He requested \$4,171,000 for administration of the program, an increase of \$507,500 over fiscal 1956.

Here are the details of the telephone loan recommendations:

	<i>Fiscal 1956</i>		<i>Fiscal 1957</i>
	Budget Request	Authorized by Congress	Budget Request
NEW LOANS (est.)	<u>\$80,000,000</u>	<u>\$80,000,000</u>	<u>\$80,000,000</u>
LOAN FUND SOURCES:			
New Authorization	70,000,000	75,000,000	49,500,000
Carryover	10,158,176	33,556,176	29,556,176
Recissions (est.)	—	1,000,000	1,000,000
TOTAL—ALL FUNDS	<u>\$80,158,176</u>	<u>\$109,556,176</u>	<u>\$80,056,176</u>

Iowa System Cuts Over

The first unattended dial central office building in Iowa built to REA plans and specifications has attracted visits from engineers, contractors and telephone people for miles around. It was recently completed by the Woolstock Mutual Telephone Association, Woolstock. The system serves 230 subscribers over 81 miles of line.



Mrs. Ella Culmer, operator, on her last day at the old switchboard.

Gains In Telephones

Survey Shows That Farmers Paid More for Better Quality Service in 1955

Farmers paid more for telephone service in July 1955 than a year earlier, but the increased cost was accompanied by an improvement in service.

That is the gist of the annual survey made by the Agricultural Marketing Service, U. S. Department of Agriculture which included reports from over 22,000 farmers throughout the Nation.

The average payment by farmers for local telephone service in July 1955 was \$3.46 as compared with \$3.33 a year earlier. As of July 1955, about 51 percent of the farmers with telephone service had dial telephones, as compared with an estimated 45 percent a year earlier.

According to the survey, about 4 percent of the farmers with telephone service had private lines, 20 percent were on 2 to 4 party lines, 46 percent on lines with 5 to 8 parties, and 30 percent with 9 or more parties.

By geographic regions, the highest average monthly telephone bills for local service were \$4.35 for New England and \$4.15 for Pacific Coast States. The lowest by far was \$2.86 per month in the West North Central region where there are a large number of farmer-owned lines. Much of the regional variation in cost is a reflection of the difference in type and quality of service provided to farmers.

Average Monthly Local Farm Telephone Bills, By Regions, July, 1947-55¹

Regions	1947-49 Average	1950	1951	1952	1953	1954	1955
	<i>Dol.</i>	<i>Dol.</i>	<i>Dol.</i>	<i>Dol.</i>	<i>Dol.</i>	<i>Dol.</i>	<i>Dol.</i>
New England.....	3.17	3.70	3.83	3.91	4.11	4.23	4.35
Middle Atlantic....	2.76	3.06	3.24	3.32	3.39	3.39	3.50
E. N. Central.....	2.22	2.59	2.81	2.97	3.23	3.32	3.41
W. N. Central.....	1.81	2.19	2.41	2.59	2.71	2.75	2.86
S. Atlantic.....	2.58	3.08	3.22	3.48	3.61	3.75	3.86
E. S. Central.....	2.50	2.98	3.08	3.18	3.23	3.42	3.50
W. S. Central.....	2.02	2.32	2.63	2.95	3.25	3.46	3.64
Mountain	2.65	2.95	3.02	3.43	3.55	3.74	3.91
Pacific	3.08	3.52	3.64	3.82	4.00	3.93	4.15
United States.....	2.29	2.67	2.87	3.06	3.24	3.33	3.46

¹ The survey made in July and August requested data based on "last bill". This was generally a bill for a period ending in late June, July, or early August.

Telephones In Air Defense

REA Borrowers Told of Plan to Expand SAGE Facilities

Expansion of air defense facilities will require extensive communication circuits and related equipment, including dual circuits for exclusive use of the Air Force.

How many REA borrowers will be asked to participate in this project, commonly known as SAGE (semi-automatic ground environment), is not known now, since all of the locations for such facilities have not been determined. In 37 sectors, only 2 locations have been established definitely.

As the locations for the expanded facilities are determined, any REA borrower involved will be notified of the need for certain types of circuits and related facilities. It will be imperative for the REA borrower to take immediate steps to find out how the facilities will be provided in its own service area.

"REA is ready to provide technical advice and counsel regarding the SAGE system and will consider applications for loans necessary to finance the required



facilities," Administrator Ancher Nelsen announced.

He also pointed out that any borrower offered a contract by the Air Force need not hold back to await a specific REA commitment, since the contract provides an escape clause.

The system serving an area involved will be asked to provide the necessary facilities. The investment required will vary according to the type of facilities to be installed, REA engineers say.

The USITA is serving as the coordinating agent for the Independent telephone industry and working with the Bell System in carrying out the program.

The Bell companies and Western Electric have indicated they will cooperate in every possible way. In some cases it may be necessary for the REA borrower to contract certain technical work with an equipment manufacturer or a Bell company.

CORRECTION

The word "not" was omitted from the first line of the seventh paragraph of "Change in Engineering" on page 18 of the February 1956 issue of RURAL LINES. The correct sentence reads as follows:

REA's action should *not* be construed as lessening its requirements for the preparation of studies acceptable for the processing of loans.

Telephone Meetings

Telephone borrowers in several states have scheduled meetings for their management and accounting personnel to be held within the next few months. These get-togethers are to provide borrowers an opportunity to exchange ideas and discuss common problems and explore probable solutions to them. One meeting, that of the Kansas Telephone Association, is for the discussion of merchandising techniques.

Here is the schedule as we go to press:

ILLINOIS—Illinois Borrowers, Dunlap Hotel, Jacksonville, Ill.	April 16 & 17
INDIANA—Indiana Borrowers, Indianapolis, Ind.	June 5 & 6
NORTH CAROLINA—North Carolina Borrowers, Winston-Salem, N. C.	(Tent.) June
KANSAS—Kansas Telephone Association, Hotel Kansan, Topeka, Kans.	March
REA Borrowers, Baker Hotel, Hutchinson, Kans.	June 1 & 2
MISSOURI—Missouri REA Borrowers, Daniel Boone Hotel, Columbia, Mo.	March 21 & 22
MONTANA—Montana REA Borrowers, Missoula, Mont.	(Tent.) May
WESTERN—Western Association of REA Telephone Borrowers, Portland, Ore.	(Tent.) May
Rocky Mountain Telephone Borrowers, Hotel Utah, Salt Lake City, Utah	Sept. 20 & 21

The Telephone Engineer

A 75-cent spring bender, improperly used, can be the most expensive tool used in the central office.

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Learning safety rules by experience is comparable to taking the final exam before you get the lesson.

.

Rusted or corroded cable messenger should be repaired as soon as possible after discovery. If work must be performed on the cable before repairs can be made, the messenger should first be thoroughly tested for adequate strength.

.

In plant maintenance, a stitch in time may save more than nine.

.

The old adage of working up under a good man is not applicable to pole working linemen.

.

Accidents are the result of carelessness. They do not just happen.

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PENALTY FOR PRIVATE USE TO AVOID
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Telephone Loans Approved December 15, 1955
Through January 23, 1956

\$371,000	Zephyrhills Telephone Co., Zephyrhills, Fla.	381,000	Atlantic Telephone Membership Corp., Shallotte, N. C.
147,000	Sherwood Mutual Telephone Ass'n., Sherwood, Ohio	278,000	Keystone-Farmers Co-operative Telephone Co., Keystone, Iowa
136,000	Depoe Bay Telephone Co., Depoe Bay, Ore.	149,000	Rib Lake Telephone Co., Rib Lake, Wis.
296,000	Southeast Iowa Telephone Co., New London, Iowa	432,000	Pioneer Telephone Co-op, Philomath, Ore.
236,000	Home Telephone Company, Simpsonville, S. C.	121,000	Northeast Texas Telephone Co., Bogata, Texas
443,000	Guilford Telephone Company, Guilford College, N. C.	434,000	Estacada Telephone and Telegraph Co., Estacada, Ore.
374,000	Mariposa County Rural Telephone Co., Mariposa, Calif.	380,000	Home Telephone & Electric Co., Baird, Texas
650,000	Camden Telephone and Telegraph Co., St. Marys, Ga.	515,000	Panhandle Telephone Co-op, Hooker, Okla.
92,000	Central Virginia Telephone Corp., Amherst, Va.	630,000	Cameron Telephone Company, Sulphur, La.
445,000	Boyd County Telephone Corp., Lynch, Neb.	247,000	Rothsay Telephone Company, Rothsay, Minn.
612,000	Kingdom Telephone Company, Auxvasse, Mo.	428,000	Lewisberry Telephone Company, Lewisberry, Pa.
		471,000	Rural Telephone Service Company, Lenora, Kans.